

Corporation Income Tax Returns, 1996

by Matthew Scoffic and Patrice Treubert

Within a growing economy, corporate pre-tax profits, as reported on income tax returns for Tax Year 1996, rose compared with Tax Year 1995 [1]. Profits were up by 12.9 percent to \$806.5 billion. Corporate sales and other receipts increased \$1.0 trillion, while deductions increased \$0.9 trillion, underlying the growth in net income. The number of profit-reporting companies increased 5.4 percent to 2.6 million, and their reported profits rose 12.1 percent to \$986.8 billion. The number of corporations reporting net losses increased 1.2 percent, and corporate net losses increased to \$180.3 billion, an 8.3-percent increase over the prior year.

Continued growth in net income pushed “income subject to tax” (the tax base for income tax purposes) to \$639.8 billion, an increase of \$75.1 billion. This increase was responsible, in part, for the 12.5-percent increase in “total income tax before credits” to \$223.7 billion. “Total income tax after credits” (the amount payable to the U.S. Government) reached \$170.6 billion for 1996, a 9.1-percent increase from 1995.

Number of Returns

The estimated number of active corporation income tax returns filed for Tax Year 1996 increased by 3.5 percent to 4,631,370 from the previous year (Figure A). This increase continues the upward trend since the end of World War II (excluding Tax Year 1988)[2]. Returns with positive net income totaled 2,588,424, increasing 5.4 percent, while returns without net income changed only 1.2 percent, increasing to 2,042,946.

The number of returns increased in all eight of the industrial divisions categorized for Statistics of Income. For the third consecutive year, the services division, led by business services (except advertising), showed the largest increase, gaining 53,171 returns to 1,557,401. The 3.5-percent increase was slightly less than the 5.6-percent increase reported for 1995. The finance division, led by “other real

estate” (which includes real estate agencies and title abstract companies) also contributed considerably to the overall gain, increasing 40,543 to 723,754.

For those returns reporting positive net income, only the mining division, particularly those businesses engaged primarily in the mining of dimension, crushed, or broken stone, showed decreases in returns (Figure B). For returns without net income, a substantial decrease (of 16,400 returns) was reported in the wholesale and retail trade division, especially in the retail division, which decreased 13,408 returns.

Net Income

Pre-tax profits for Tax Year 1996 (“net income (less deficit)” in the statistics) increased by 12.9 percent over Tax Year 1995 to \$806.5 billion, continuing a growth trend that began with 1992 (Figure C) [3]. This profit increase reflected continuing economic growth [1]. Classified by asset size, the 8,212 returns of corporations with total assets of \$250 million or more (0.2 percent of the total) contributed 80.0 percent of total corporate profits.

The largest dollar increase by industrial division was for the finance, insurance, and real estate division, up \$42.3 billion to \$299.1 billion. Regulated investment companies were responsible for a large part of this increase, as net income (less deficit), excluding long-term capital gains, was up \$11.9 billion to \$131.0 billion. Gains for these companies were generated from higher stock prices and increases in assets from cash investments [4]. A marked increase in profits was reported for the real estate operators and lessors of buildings, which rebounded from a loss of \$1.4 million for 1995 to a gain of \$1,284.1 million, in part, reflecting increased rental rates of rental property and increased demand for newly constructed apartments [5].

The division with the next largest dollar increase in profits was manufacturing, with profits of \$286.1 billion, up \$25.1 billion. The most significant gains were for petroleum refining (including integrated), with an \$11.4-billion increase to \$38.4 billion, and motor vehicles and equipment, which increased \$9.1 billion to \$16.1 billion. The profit increase for motor vehicles and equipment was in contrast to 1995, when this industry group showed a decrease of 54.9 percent, and occurred in spite of an autoworker strike in March 1996 [6].

Profits for wholesale and retail trade were up by

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FigureA

Number and Growth Rate of Returns Filed, Tax Years 1986-1996

Tax year	Total active corporation returns	Percentage increase over previous year	Number of returns with net income	Percentage increase over previous year	Number of returns without net income	Percentage increase over previous year
	(1)	(2)	(3)	(4)	(5)	(6)
1986.....	3,428,515	4.6	1,907,738	4.8	1,520,777	4.4
1987.....	3,612,133	5.4	1,995,452	4.6	1,616,681	6.3
1988.....	3,562,789	-1.4	1,908,799	-4.3	1,653,990	2.3
1989.....	3,627,863	1.8	1,921,805	0.7	1,706,058	3.1
1990.....	3,716,650	2.5	1,910,670	-0.6	1,805,980	5.9
1991.....	3,802,788	2.3	1,942,450	1.7	1,860,338	3.0
1992.....	3,869,023	1.7	2,063,593	6.2	1,805,430	-3.0
1993.....	3,964,629	2.5	2,144,534	3.9	1,820,095	0.8
1994.....	4,342,368	9.5	2,392,357	11.6	1,950,011	7.1
1995.....	4,474,167	3.0	2,455,492	2.6	2,018,675	3.5
1996.....	4,631,370	3.5	2,588,424	5.4	2,042,946	1.2

NOTES: Number of returns excludes Domestic International Sales Corporations, Foreign Sales Corporations, and Interest-Charge Domestic International Sales Corporations starting with Tax Year 1988. Personal Service Corporation returns are excluded for Tax Years 1988 through 1993.

FigureB

Number of Returns by Industrial Division, Tax Years 1995-1996

Industrial division	1995				1996			
	Total active corporation returns	Percentage increase over 1994	Number of returns with net income	Percentage increase over 1994	Total active corporation returns	Percentage increase over 1995	Number of returns with net income	Percentage increase over 1995
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All industries ¹.....	4,474,167	3.0	2,455,492	2.6	4,631,370	3.5	2,588,424	5.4
Agriculture, forestry, and fishing.....	147,527	0.4	79,320	-0.2	158,963	7.8	90,012	13.5
Mining.....	35,123	-0.7	18,776	-1.3	35,799	1.9	18,098	-3.6
Construction.....	449,882	3.9	275,375	3.3	471,230	4.7	300,890	9.3
Manufacturing.....	319,699	2.3	185,590	-1.9	325,689	1.9	191,254	3.1
Transportation and public utilities.....	194,456	4.3	107,285	3.9	205,777	5.8	111,811	4.2
Wholesale and retail trade.....	1,132,409	2.4	626,022	(²)	1,142,491	0.9	652,504	4.2
Finance, insurance, and real estate.....	683,211	0.2	317,410	0.7	723,754	5.9	341,136	7.5
Services.....	1,504,230	5.6	843,922	7.0	1,557,401	3.5	881,427	4.4

¹ Includes returns not allocable by industrial division.

² Less than 0.05 percent.

15.4 percent to \$73.4 billion, compared with the previous year's 7.2-percent decrease. The greatest gains were in retail trade, up by 20.9 percent to \$40.1 billion, caused primarily by increased consumer expenditures [6]. These, in turn, were at least partly fueled by lower interest rates and continued growth in household wealth [6]. New auto sales grew rapidly during the first quarter of 1996 and helped to generate a \$1.2-billion increase in the profits of motor vehicle dealers to \$4.3 billion [6]. Businesses

primarily engaged in retail merchandise sales and those engaged in selling apparel and accessories also experienced large profit gains, as their net income (less deficit) increased \$1.6 billion to \$10.2 billion and \$1.7 billion to \$2.7 billion, respectively.

Wholesale trade showed a 9.3-percent increase in profits from 1995. The industrial groups with the largest increases were petroleum and petroleum products; apparel, piece goods, and notions; and machinery, equipment, and supplies. Distributors of

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Figure C

Net Income (Less Deficit) and Net Income, by Industrial Division, Tax Years 1995-1996

[Money amounts are in thousands of dollars]

Industrial division	Net income (less deficit) ¹				Net income ¹			
	1995		1996		1995		1996	
	Amount	Percentage increase over 1994	Amount	Percentage increase over 1995	Amount	Percentage increase over 1994	Amount	Percentage increase over 1995
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All industries ²	714,193,371	23.7	806,484,990	12.9	880,653,345	19.1	986,782,683	12.1
Agriculture, forestry, and fishing.....	1,604,481	22.1	2,614,131	62.9	5,402,338	12.4	6,262,057	15.9
Mining.....	5,530,975	51.7	8,152,607	47.4	9,364,612	23.8	12,112,260	29.3
Construction.....	14,458,024	24.9	17,878,460	23.7	20,986,981	14.1	25,036,702	19.3
Manufacturing.....	260,909,947	19.1	286,059,822	9.6	297,458,397	17.0	325,291,340	9.4
Transportation and public utilities.....	72,911,176	6.8	75,400,172	3.4	87,557,007	8.5	93,129,707	6.4
Wholesale and retail trade.....	63,566,712	-7.2	73,353,268	15.4	97,018,112	1.7	107,999,874	11.3
Finance, insurance, and real estate.....	256,810,767	51.7	299,149,193	16.5	295,423,415	36.5	337,822,090	14.4
Services.....	38,407,562	8.0	43,952,204	14.4	67,389,184	9.1	79,102,121	17.4

¹ Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and S Corporations (qualifying corporations electing to be taxed through their shareholders).

² Includes net income or deficit not allocable by industrial division.

petroleum and petroleum products gained \$0.8 billion to \$3.3 billion; those of apparel, piece goods, and notions, \$0.7 billion to \$1.9 billion; and wholesalers of machinery, equipment, and supplies, \$0.6 billion to \$4.9 billion.

The growth in profits for the transportation and public utilities division continued to level off to only 3.4 percent after the 20- to 30-percent profit increases of the early 1990's. Although 1996 profits increased slightly, there were conflicting movements within the division. Radio and television broadcasting profits tumbled from \$3.1 billion to \$0.6 billion, due partly to mergers and acquisitions [7]. Water supply and other sanitary services also declined, from \$1.9 billion to \$1.3 billion. However, companies classified in the air transportation industrial group showed a sharp increase in profits, as they more than doubled, from \$1.9 billion to \$4.0 billion.

The growth in profits for the services division picked up after only an 8.0-percent increase for 1995, as profits grew 14.4 percent to \$44.0 billion. Business services (except advertising) saw the greatest gains, with profits increasing from \$14.9 billion to \$17.8 billion. Other gainers were amusement and recreation services, except motion pictures (\$1.8 billion to \$2.6 billion), companies classified in advertising (\$1.1 billion to \$1.8 billion), hospitals (\$2.1 billion to \$2.7 billion), and hotels and other lodging

places (\$1.5 billion to \$2.0 billion). In contrast, profits in the category "other medical services," which includes such businesses as home health care and health care management, continued their decline from \$2.0 billion to \$0.9 billion, down by 54.0 percent.

The largest percentage increase by division was reported for the agriculture, forestry, and fishing division, whose profits increased 62.9 percent to \$2.6 billion. Profits for agricultural production, i.e., farming, more than doubled to \$1.4 billion from \$0.6 billion. However, data for this division do not include large, diversified corporations unless agricultural production was their principal source of income.

Receipts

Total receipts, defined as the sum of business receipts from sales and operations and investment income, increased by \$1.0 trillion to \$15.5 trillion (Table 1)[3]. The growth rate decreased slightly from 1995, from the 8.8-percent increase reported for that year to a 6.8-percent increase for 1996. The growth in total receipts exceeded the \$0.9-trillion growth in total deductions (including the cost of goods sold and certain losses). For 1996, returns with total assets of \$250 million or more accounted for 55.5 percent of all total receipts. This percentage is consistent with percentages reported by Statistics

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of Income for the early 1990's as well.

For Tax Year 1996, all industrial divisions reported an increase in total receipts. Manufacturing showed the largest increase, in contrast to net income, where finance, insurance, and real estate showed the largest increase. Manufacturing, which historically makes up the largest part of total receipts, accounted for \$4.9 trillion of the total receipts for 1996, followed closely by wholesale and retail trade, with \$4.5 trillion. Within manufacturing, petroleum refining (including integrated) reported the largest gains, increasing \$88.5 billion to \$571.5 billion. Electrical and electronic equipment manufacturers showed the next largest increase, \$55.5 billion, to \$525.4 billion. In the wholesale and retail trade division, receipts of the following industrial groups rose significantly: wholesale petroleum and petroleum products, \$27.1 billion, to \$186.1 billion; wholesale electrical goods, \$21.7 billion, to \$235.7 billion; and motor vehicle dealers, \$27.1 billion, to \$538.1 billion.

Business receipts, the largest component of total receipts, totaled \$13.7 trillion for Tax Year 1996. The amount was an increase of 6.8 percent over 1995, reflecting a decrease from the previous year's growth rate of 7.6 percent [8]. All divisions showed growth consistent with total receipts.

The growth rate of taxable interest income also slowed between 1995 and 1996, only 4.5 percent for 1996 compared to 18.6 percent for 1995. This change resulted partly from the actions of the Federal Reserve Board, which lowered the Federal Funds rate in January 1996 and kept it fixed throughout the year. Although the finance, insurance, and real estate industrial division reported the largest dollar gain, manufacturers experienced a larger percentage gain, 18.7 percent, increasing \$15.9 billion to \$100.6 billion. Within manufacturing, the largest gains were for motor vehicles and equipment, up 62.3 percent to \$27.4 billion; industrial chemicals, plastic materials, and synthetics, up 21.8 percent to \$5.7 billion; and "other electrical equipment" (which includes lighting fixtures and transformers), up 10.2 percent to \$13.9 billion. In the finance division, real estate investment trusts experienced the largest percentage gain, 88.6 percent to \$5.3 billion, while "other credit agencies," which include businesses servicing mortgage and other types of loans, had the largest monetary gain, \$9.8 billion, to \$62.9 billion.

The 3.5-percent decrease in tax-exempt interest (on State and local Government obligations) to \$44.7 billion was mainly attributable to the decline in tax-exempt interest received by regulated investment companies within the finance division. Of the \$1.6-billion decrease, these companies accounted for \$1.2 billion.

Net short-term capital gains (reduced by net long-term capital losses) also fell by 10.4 percent to \$35.9 billion, compared to a gain in 1995 of 264.5 percent. The decrease was concentrated among life insurance companies. In contrast, net long-term capital gains (reduced by net short-term capital losses) continued to grow, increasing 23.5 percent to \$75.2 billion (this excludes the gains reported by regulated investment companies, which were not tabulated). Again, most of the change was in the finance, insurance, and real estate division, led by "other holding and investment companies, excluding bank holding companies" (\$6.0 billion), which include certain insurance and investment companies. These companies increased by \$3.5 billion. Other contributors were property and casualty insurance companies, gaining \$3.7 billion to \$8.6 billion.

Dividends received from foreign corporations (those incorporated overseas) increased from the previous year, whereas dividends received from domestic corporations (those incorporated in the United States) declined. Dividends from foreign corporations grew 30.6 percent to \$46.2 billion, while dividends from domestic corporations declined 28.6 percent to \$16.3 billion. Rental receipts (other than those reported as "business receipts" by certain manufacturers and real estate companies) grew only slightly, 4.9 percent from \$87.1 billion to \$91.4 billion, but royalties increased 12.4 percent from \$58.0 billion to \$65.1 billion. Large gains in royalties were reported by manufacturers of alcoholic beverages, excluding malt liquors and malt (from \$0.1 billion to \$1.6 billion), motor vehicles and equipment (from \$0.6 billion to \$2.1 billion), and business services, excluding advertising (from \$2.9 billion to \$3.9 billion).

Deductions

Total deductions increased \$0.9 trillion, or 6.6 percent for 1996, to \$14.7 trillion [3]. The largest deduction item, "cost of goods sold," increased \$0.5 trillion to \$8.7 trillion and comprised 59.1 percent of

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total deductions. This was the largest dollar increase among all the deduction items for 1996. As would be expected, manufacturing accounted for more of the increase in cost of goods sold than any other division, with \$3.1 trillion for 1996, up \$0.19 trillion from 1995. Among manufacturers, petroleum refiners accounted for most of this increase, \$0.072 trillion, to \$0.42 trillion. Amortization showed the largest percent increase among deduction items, growing to \$0.052 trillion, a 13.4-percent increase from 1995.

The only decline in deductions was for pension and profit-sharing plans, which declined 18.1 percent, from \$81.8 billion in 1995 to \$67.0 billion in 1996. Almost all of this decline came from the manufacturing division, where the deduction for employer contributions to pension and profit-sharing plans fell by \$14.3 billion, or 37.0 percent. Chiefly responsible for this drop were the motor vehicles and equipment manufacturers. Pension and profit-sharing plan deductions for this industry group declined \$10.8 billion, or 88.5 percent.

The interest paid deduction (which includes not only interest on corporate indebtedness, but also interest paid to depositors by banks and savings institutions) continued to increase, although growth slowed from 21.9 percent in 1995 to only 3.5 percent in 1996. The total interest paid deduction for 1996 was \$770.9 billion, an increase of \$26.1

billion. Manufacturers showed the largest increase, \$11.4 billion, to \$156.9 billion. Most of this was due to the motor vehicles and equipment manufacturers. The interest paid deduction for this industry group grew to \$24.5 billion, a 35.7-percent increase.

Depreciation continued to increase, as it has every year since 1991. For 1996, the depreciation deduction rose to \$474.0 billion, an increase of 8.6 percent. As in previous years, manufacturers were responsible for nearly half of the increase.

Assets

In 1996, total assets grew 10.1 percent, from \$26.0

trillion to \$28.6 trillion, a rate of growth consistent with the 1995 rate of 11.0 percent. The largest percentage gains among asset categories were for “intangible assets,” which grew 23.3 percent, and “loans to stockholders (which include intercorporate loans among related companies),” which posted a 22.1-percent increase over 1995. Intangible assets increased \$174.4 billion to \$923.6 billion, and loans to stockholders increased \$20.5 billion to \$113.3 billion. The largest dollar increase among the asset categories was the \$1.2-trillion increase in “other investments,” from \$7.43 trillion to 1996’s \$8.66 trillion (Table 2). “Other investments” recorded the biggest dollar gains for 1995 as well, when they also increased by \$1.2 trillion. “Other investments” generally included long-term, non-government securities, or securities which could not be categorized as short or long-term. Some examples of “other investments” include stocks, bonds, and treasury stock reported as assets. In contrast to these increases, the largest decrease among asset accounts (both percentage and dollar-wise) came in “U.S. Government obligations,” which dropped 1.8 percent, or \$24.6 billion, to \$1,339 billion.

The division with the largest dollar increase was finance, insurance, and real estate, where total assets grew by \$1.7 trillion, or 10.7 percent, to \$17.4 trillion, compared to 1995. Over one-third of this increase was accounted for by regulated investment companies, which saw a \$627-billion increase in “other investments,” to \$2,860 billion. Reflecting the increase in “other investments,” total assets for these companies increased by \$670.0 billion, a 21.3-percent increase, to \$3,809.8 billion. The finance, insurance, and real estate division, with \$17.4 trillion in total assets, accounted for over 60 percent of corporate total assets for 1996. Within this division, bank holding companies and regulated investment companies led the way with \$5.0 trillion and \$3.8 trillion in total assets, respectively. The industry group with the largest percentage increase in total assets was real estate investment trusts, which saw total assets nearly double, from \$116.0 billion for 1995, to \$220.6 billion for 1996. For real estate investment trusts, the mortgage and real estate loans asset component was a major contributor, growing \$57.5 billion, to \$82.1 billion. For 1986, total assets of

Motor vehicles and equipment manufacturing profits increased \$9.1 billion, to \$16.1 billion, in contrast to a 54.9-percent decrease in 1995.

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real estate investment trusts stood at \$20.7 billion, making the 1996 total of \$220.6 billion a more than tenfold increase in as many years [9].

Manufacturers also continued to show strong growth in total assets in 1996. Total assets of manufacturers grew 9.8 percent, increasing \$484.1 billion to \$5,425.2 billion. Strong growth in 1996 followed similar growth in 1995, when manufacturers' total assets increased 9.2 percent to \$4.9 trillion. Manufacturers of motor vehicles and equipment experienced the largest dollar increase in total assets in the manufacturing division, (\$176.0 billion), a 35.4-percent increase, to \$673.8 billion.

The strong 23.3-percent, \$174.4-billion growth in total intangible assets for 1996 continued a growth trend which started with 1992. The division with the largest dollar increase was manufacturing, for which there was a \$54.6-billion increase to \$434.2 billion. A large portion of the manufacturing division's increase could be traced to the aircraft, guided missiles, and parts industry group, where increased merger activity pushed intangible assets up \$10.3 billion, to \$19.8 billion [7]. For 1995, manufacturers accounted for half of the total increase in intangible assets, compared to just 31.3 percent of the total increase for 1996. The services and transportation and public utilities divisions also shared strong increases, however. Intangible assets for the services division grew to \$121.7 billion, a \$38.4-billion, or almost 50-percent increase, and in the transportation and public utilities division reached \$177.2 billion, a \$35.9-billion increase. Three divisions, manufacturing, services, and transportation and public utilities, together, accounted for 73.9 percent of the total increase in intangible assets in 1996.

The \$1.2-trillion dollar, 16.5-percent increase in "other investments" brought the 1996 total to \$8.7 trillion. As in 1995, "other investments" were the largest single component of total assets. "Other investments" totaled \$8.7 trillion and accounted for 30.2 percent of total assets for 1996, compared to \$7.4 trillion, or 28.6 percent, for 1995.

By far, the largest increase in "other investments" was in the finance, insurance, and real estate division, where the \$977.8-billion, 18.0-percent increase dwarfed growth in other divisions. "Other investments" in the finance, insurance, and real estate division, at \$6.4 trillion in 1996, accounted for 73.9

percent of total "other investments." As already noted, asset growth in regulated investment companies accounted for much of the growth in the finance division, increasing \$0.6 trillion, or 28.1 percent. "Other investments" held by regulated investment companies totaled \$2.9 trillion in 1996.

The largest decrease in the asset accounts was in U.S. Government obligations, where the 1996 total of \$1.3 trillion represented a \$0.024-trillion, or 1.8-percent, decline from 1995. Decreases in the finance, insurance, and real estate division easily offset increases in other divisions. The level of U.S. Government obligations held by manufacturers increased by \$10.4 billion, or 55.6 percent, but this only pushed their total to \$29.0 billion. The finance, insurance, and real estate division's holdings, however, declined by 2.7 percent, which translated into a \$34-billion dollar drop to \$1,252 billion. Holdings of U.S. Government obligations declined throughout the finance, insurance, and real estate division, but the drop was led by the \$11.4-billion, 13.4-percent decline to \$73.4 billion among life insurance, stock, and other life insurance companies.

Liabilities and Stockholders' Equity

Total corporate indebtedness reached \$28.6 trillion for 1996, a 10.1-percent increase over the 1995 total of \$26.0 trillion. The \$11.3 trillion of total short-term debt (accounts payable, mortgages, notes and bonds payable in less than one year, and "other current liabilities") represented an increase of 6.6 percent. Of the three components of short-term debt, the largest increase was for mortgages, notes, and bonds payable in less than one year, which grew \$0.3 trillion, or 14.5 percent, to \$2.3 trillion. The increase was most pronounced for finance, insurance, and real estate, where the total grew to \$1.2 trillion, a \$0.140-trillion increase. Over half of the increase in this division was accounted for by bank holding companies.

The largest dollar increase among the liability accounts was the \$315.5-billion, 9.50-percent growth in long-term "mortgages, notes, and bonds payable in one year or more" to \$3.7 trillion. Finance, insurance, and real estate showed the largest dollar increase, growing by \$0.1 trillion, to \$1.2 trillion. Bank holding companies accounted for almost half of this increase. The large increase in long-term mort-

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gages, notes, and bonds payable in one year or more helped push total long-term debt (the sum of long-term mortgages, notes, and bonds payable in one year or more, loans from stockholders, and “other liabilities”) to \$7.9 trillion, a 7.7-percent increase over the \$7.3 trillion recorded for 1995. Strong growth in long-term corporate debt contrasted with slower growth in interest income and interest paid deductions, reflecting in part the favorable interest rate climate in 1996.

The largest increase among the equity accounts was the nearly \$0.1-trillion increase in paid-in or capital surplus. For 1996, capital surplus totaled \$6.4 trillion, an 18.0-percent increase from 1995. Most of the growth in capital surplus was attributed to the finance, insurance, and real estate division, where capital surplus grew from \$3.6 trillion in 1995 to \$4.3 trillion. Regulated investment companies accounted for almost three-quarters of this growth.

Income Tax and Credits

Reflecting the increase in positive net income, income subject to tax (the base on which the regular corporation income tax was computed) grew to \$639.8 billion, a \$75.1-billion dollar, 13.3-percent increase from 1995. Over 80 percent of income subject to tax was accounted for by returns of corporations with \$250 million or more in assets. For most returns, income subject to tax equaled positive net income minus certain “statutory special deductions” [10]. Positive net income for 1996 was \$986.8 billion, \$106.1 billion or 12.1 percent more than for the prior year. This resulted in a record corporation income tax (before reduction by credits) of \$219.8 billion, an increase of 13.5 percent, or \$26.2 billion [11].

Total statutory special deductions increased 5.6 percent to \$216.7 billion for 1996. Approximately two-thirds of this total were accounted for by the deductions for dividends paid by regulated investment companies and real estate investment trusts. Both types of companies are required to distribute most of their net income to shareholders for taxation, and the deductions were designed to accomplish this.

About one-fourth of total deductions was accounted for by the \$55.1-billion net operating loss deduction (NOLD), down by \$2.0 billion from 1995. The NOLD had risen in prior years, but dropped for

1996 because the NOL carryovers were concentrated among companies which did not have enough positive taxable income to use the deduction. Rising profits in recent years have allowed many companies with positive net income to deduct much of their accumulated NOL carryovers. In general, “net operating losses” were the net deficits shown in the prior years’ statistics (excluding those of S corporations whose deficits were allocated to their shareholders in the year they occurred), augmented by “unused” portions of the deductions for intercorporate dividends received and for dividends paid on certain preferred stock of public utilities. The drop in the NOLD for 1996 was most pronounced among manufacturers, where the NOLD decreased from \$21.4 billion to \$16.8 billion, a 21.6-percent drop.

Income tax liability for 1996 could be reduced by tax credits. The principal credits were the foreign tax, U.S. possessions tax, nonconventional source fuel, general business, and prior-year minimum tax credits. Income tax for 1996 of \$219.8 billion reflected an increase of \$26.2 billion, or 13.5 percent, over the prior year. Almost half of the increase could be traced to the manufacturing division, where income tax increased by \$12.2 billion to \$93.6 billion. Increases throughout the manufacturing division helped push income tax before credits up by 14.9 percent, but the largest single increase was for petroleum refiners, where the \$3.8-billion increase to \$13.1 billion accounted for 31.1 percent of the growth in manufacturers’ income tax.

By far, the largest credit was the foreign tax credit, which grew by 32.3 percent, from \$30.4 billion to \$40.2 billion. The manufacturing division, where the credit grew by \$6.6 billion to \$29.2 billion, accounted for more than half of the increase. Among manufacturers, the petroleum refining group showed the largest increase, growing by a third, or \$1.9 billion, to \$7.6 billion. Overall, manufacturers accounted for 72.6 percent of the foreign tax credit claimed.

The U.S. possessions tax credit increased slightly to \$3.1 billion for 1996. This was the first time the credit increased since 1993 [12]. The increase was due mostly to returns classified in the services division. This division, accounting for only \$15.8 million, showed an increase of 30.5 percent over the prior year. Most of this credit, however, continued to

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be claimed by manufacturers, mostly of pharmaceuticals, which accounted for 95.4 percent of the total claimed.

The general business credit also increased for 1996, by \$0.8 billion, to \$4.2 billion. Most of this credit was claimed by manufacturers, with \$2.2 billion, or over half of the total. Manufacturers also accounted for most of the growth, with a \$0.6-billion increase over 1995. For 1996, this credit continued to include remnants of the former “investment credit,” including the carryover of certain prior-year unused credits (for certain capital expenditures still recognized for credit purposes under provisions of the Tax Reform Act of 1986, which otherwise abolished the credit for new acquisitions); the jobs credit, renamed the “work opportunity credit”; the credit for alcohol used as a fuel; the credit for increasing research activities; the low-income housing credit; the enhanced oil recovery credit; the disabled access credit; the renewable electricity production credit; the Indian employment credit; the empowerment zone employment credit; the credit for Social Security and Medicare taxes paid on certain employees; the “orphan drug credit”; and the credit for contributions to selected community development corporations. The purpose of combining these credits into the general business credit was to provide a single combined limitation on these component credits and to establish uniform rules for the carryback and carryforward to other years of the unused amounts in excess of this limitation [13]. Each of the components of the general business credit was computed separately, however [14].

Corporations without a current-year “alternative minimum tax” (AMT) liability that reported AMT in prior years generally could elect to take a credit against a portion of regular income tax liability. A corporation’s potential credit was generally based on the size of its prior years’ AMT liability, but its current-year credit usage was limited by the current-year “tentative” AMT. The credit for prior-year AMT declined by \$0.1 billion to \$4.7 billion. Most of the decline took place in the manufacturing division, where a \$0.2-billion drop occurred.

For the purposes of the statistics, total income tax before and after credits includes income tax, Personal Holding Company tax, taxes from recapturing prior-year investment or low income-housing

credits, AMT, environmental tax (which expired December 31, 1995), other taxes unique to specific types of corporations, and certain statutory tax adjustments. AMT was the largest of these additional taxes, at \$3.8 billion for 1996, notwithstanding a 10.1-percent, or \$0.433-billion, decline. Taxes from recapturing prior-year low-income housing credits grew sharply, up \$3.9 million, to \$4.1 million. This increase can be traced to recapture in the finance, insurance, and real estate division.

Total income tax after credits, the amount payable to the Federal Government, increased 9.1 percent to \$170.6 billion for 1996 (Figure D). This rate of increase dropped from 1995, when total income tax after credits increased 15.4 percent. Returns of corporations with \$250 million or more in total assets accounted for 82.5 percent of total income tax and 78.7 percent of total income tax after credits.

Summary

Corporate pre-tax profits, as reported on income tax returns for 1996, increased 12.9 percent to \$806.5 billion. The number of returns with positive net income increased 5.4 percent. Positive net income rose 12.1 percent to a record \$986.8 billion, while negative net income (i.e., net losses) increased 8.3 percent to \$180.3 billion. Profits of the 8,212 returns of corporations reporting \$250 million or more in assets accounted for 80.0 percent of the total.

Income subject to tax, the tax base, increased along with positive net income, pushing the 1996 total to \$639.8 billion, up \$75.1 billion from 1995. This led to a 12.5-percent increase in total income tax before credits to \$223.7 billion. Total income tax after credits, the amount payable to the U. S. Government, increased 9.1 percent to \$170.6 billion.

Data Sources and Limitations

Estimates for Tax Year 1996 are based on a sample of corporation income tax returns with accounting periods ending July 1996 through June 1997 that posted to the Internal Revenue Service Business Master File from the beginning of July 1996 through the end of June 1998. These returns represent domestic corporations filing Form 1120 or 1120-A (short form); foreign corporations with income “effectively connected” with a U.S. business filing Form 1120-F; life insurance companies filing Form

Corporation Income Tax Returns, 1996

Figure D

Statutory Special Deductions, Income Subject to Tax, Selected Tax, and Tax Credit Items, Tax Years 1995-1996

[Money amounts are in thousands of dollars]

Item	1995	1996	Percentage increase
	(1)	(2)	(3)
Statutory special deductions, total	205,226,201	216,694,936	5.6
Net operating loss deduction.....	57,135,546	55,094,513	-3.6
Dividends received deduction.....	23,365,442	19,726,930	-15.6
Public utility dividends paid deduction.....	71,598	70,577	-1.4
Deduction for dividends paid by regulated investment companies and real estate investment trusts.....	124,352,595	140,466,886	13.0
Income subject to tax	564,733,017	639,839,995	13.3
Total income tax before credits ¹	198,786,648	223,712,985	12.5
Income tax.....	193,564,219	219,756,610	13.5
Personal Holding Company tax ²	17,793	11,790	-33.7
Tax from recapture of investment and low-income housing credits ^{2,3}	11,801	21,332	80.8
Alternative minimum tax ²	4,281,827	3,848,966	-10.1
Tax credits, total ⁴	42,393,868	53,092,040	25.2
Foreign tax credit.....	30,420,276	40,243,751	32.3
U.S. possessions tax credit.....	3,056,017	3,059,299	0.1
Nonconventional source fuel credit.....	732,031	887,374	21.2
General business credit.....	3,388,423	4,228,030	24.8
Prior-year minimum tax credit.....	4,797,001	4,673,199	-2.6
Total income tax after credits	156,392,780	170,620,945	9.1

¹ Includes certain other taxes, not shown separately. Also includes the environmental tax, which was repealed December 31, 1995, and was reported on returns with tax periods ended before December, 1996.

² For purposes of the statistics, this tax is included in both total income tax before credits and total income tax after credits. By law, tax credits could offset only income tax.

³ Amounts for recapture taxes include recapture taxes from the Low Income Housing Credit and the Investments Credit, whereas the published Source Book amounts include only recapture taxes from the Investment Credit, which is the larger of the two.

⁴ Includes certain other credits, not shown separately.

NOTE: Detail may not add to totals because of rounding.

1120-L; property and casualty insurance companies filing Form 1120-PC; S Corporations filing Form 1120S; regulated investment companies filing Form 1120-RIC; and real estate investment trusts filing Form 1120-REIT. The 1987 revisions to the Standard Industrial Classification are not reflected in the industry statistics.

A stratified probability sample was used for the statistics, consisting of 94,330 corporation income tax returns drawn from a total population of 4,968,336. Based on the 90,937 active corporation returns in the sample, the population estimate of active corporation returns was 4,631,370. The sample was selected after administrative processing was complete, but before any audit examinations, and was stratified based on combinations of net income and total assets at rates ranging from 0.25

percent to 100 percent.

Because the estimates are based on a sample, they are subject to sampling error. Coefficients of variation (CV's) are used to measure the magnitude of this sampling error. The CV is defined in the section on sampling variability in the "SOI Sampling Methodology and Data Limitations" appendix of this publication. Figure E presents the CV's for total assets, business receipts, total income tax before credits, and income tax after credits by industrial division. The smaller the CV, the more reliable the estimate is judged to be.

Notes and References

- [1] The growth rate in the gross domestic product (GDP) for 1996 was 4.4 percent (in constant dollars). See the U.S. Bureau of Economic

Corporation Income Tax Returns, 1996

FigureE

Coefficients of Variation for Total Assets, Business Receipts, Total Income Tax Before Credits, and Total Income Tax After Credits, by Industrial Division, Tax Year 1996

Industrial division	Total assets	Business receipts	Total income tax before credits	Total income tax after credits
	(percentages)			
	(1)	(2)	(3)	(4)
All industries ¹	0.01	0.18	0.08	0.10
Agriculture, forestry, and fishing.....	0.99	3.02	3.19	3.58
Mining.....	0.28	1.21	0.81	1.34
Construction.....	0.53	1.03	1.79	1.92
Manufacturing.....	0.05	0.22	0.10	0.16
Transportation and public utilities.....	0.07	0.80	0.14	0.15
Wholesale and retail trade.....	0.13	0.37	0.36	0.39
Finance, insurance, and real estate	0.02	0.38	0.14	0.16
Services.....	0.23	0.92	0.62	0.75

¹ Includes returns not allocable by industrial division.

Analysis, *Survey of Current Business*, May 1997.

- [2] For Tax Year 1988, the number of returns declined. Undercoverage of personal service corporations within the sample beginning in Tax Year 1988 was one contributing factor. This undercoverage continued through Tax Year 1993 and is described in the appendix to "Description of the Sample and Limitations of the Data," *Statistics of Income—1994, Corporation Income Tax Returns*. Another factor contributing to the overall decline for Tax Year 1988 was a change prompted by the Tax Reform Act of 1986. This change caused some companies to be represented in the 1987 statistics twice, by a part-year return and a full-year return, each with an accounting period ending during the span of months July 1987 through June 1988 (the accounting periods comprising Tax Year 1987, for purposes of the statistics). The unusually large number of part-year returns for that year led to a large increase in the total number of returns. The increase in part-year returns was generally attributed to many S Corporations (and personal service corporations) changing their accounting periods from a non-calendar year to a calendar year as required by the 1986 Act. In addition, other corporations changed to S Corporation status in

order to avoid an entity level tax and had to change their accounting periods.

- [3] Starting with Tax Year 1987, statistics for net income or deficit and for receipts and deductions of S Corporations are limited to those derived "from a trade or business." Investment or portfolio income (or loss), such as from interest, dividends, rents, royalties, and gain (loss) from sales of investment property, and the deductions related to this income are not included in the corporation totals. Therefore, the overall statistics for receipts, deductions, and net income or deficit are slightly understated; it is estimated that total net income (less deficit), alone, is understated by \$32.1 billion as a result (see Wittman, Susan M., "S Corporation Returns, 1996," *Statistics of Income Bulletin*, Spring 1999, Volume 18, Number 4).
- Net income (or deficit) and receipts also exclude regulated investment company net long-term capital gains, which were not tabulated.
- [4] *The Mutual Fund Fact Book*, The Investment Company Institute, 1997. See online at http://www.ici.org/facts_figures/factbook97_toc.html.
- [5] Tables "Survey of Market Absorption" and

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“Housing Vacancies and Homeownership” indicate higher rents for new and existing rental property and higher occupancy for new property. See *Current Population Survey/Housing Vacancy Survey*, Bureau of the Census. For 1996 statistics, see <http://www.census.gov/hhes/www.housing.html>.

[6] *Economic Report of the President*, 1997. See online at <http://www.gpo.ucop.edu/catalog/erp.ct.html>.

[7] This analysis is based on unpublished Statistics of Income data.

[8] Since interest is the principal operating income of banking and savings institutions, total receipts more accurately represent receipts for the finance division. Substituting total receipts for finance companies, business receipts increased 6.6 percent to \$14.9 trillion for 1996, down from 8.6 percent for 1995.

[9] *Source Book of Statistics of Income—Corporation Income Tax Returns* for 1986-1996.

[10] For 1996, statutory special deductions included the following: net operating loss deduction (NOLD); the various dividends received deductions; the deductions for dividends paid on certain preferred stock of public utilities; the deduction for dividends paid by regulated investment companies and real estate invest-

ment trusts; the special deduction for taxes paid by real estate investment trusts allowed under section 857; and the special deduction allowed small life insurance companies.

[11] The statistics for statutory special deductions include the unused portions of deductions reported by corporations that had no positive income subject to tax, either because they had no positive net income or because their deductions were sufficient to completely offset their net income. In addition, the relationship between net income and income subject to tax was defined differently for life insurance businesses and real estate investment trusts. Therefore, the net income shown in the statistics (which also includes the net income of S Corporations, which do not bear entity level income taxes), minus statutory special deductions, will not yield the statistics shown for income subject to tax.

[12] *Source Book of Statistics of Income—Corporation Income Tax Returns* for 1993-1996.

[13] Because the empowerment zone employment credit can offset 25 percent of the alternative minimum tax liability, the limitation varies from the other general business credits.

[14] Since the limitation applies to the total, the reported components are overstated.

SOURCE: IRS, Statistics of Income Bulletin, Summer 1999, Publication 1136 (9-99).

Corporation Income Tax Returns, 1996

Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size ¹

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item, industrial division	Total ¹	Size of total assets				
		Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
ALL INDUSTRIES ³						
Number of returns.....	4,631,370	280,085	2,416,663	747,304	440,914	308,318
Total assets.....	28,642,263,127	--	74,278,016	120,799,950	155,632,038	217,310,542
Net worth.....	9,495,226,103	--	-13,310,709	24,393,946	45,199,076	68,829,892
Total receipts ⁴	15,525,718,006	251,959,294	514,856,787	417,631,239	415,937,716	503,321,320
Business receipts.....	13,659,470,309	170,050,085	502,446,177	409,264,998	407,038,573	489,045,185
Interest paid.....	770,885,334	50,839,309	2,927,534	3,643,441	4,253,279	6,063,762
Net income (less deficit) ⁴	806,484,990	1,979,653	11,889,169	7,414,962	8,546,476	9,046,819
Total income tax before credits ⁵	223,712,985	2,499,266	557,469	712,360	933,622	1,303,840
Total Income tax after credits ⁵	170,620,945	2,185,299	547,081	692,282	915,638	1,268,082
AGRICULTURE, FORESTRY, AND FISHING						
Number of returns.....	158,963	7,119	67,202	28,192	24,549	16,976
Total assets.....	94,140,118	--	2,368,407	4,695,250	8,890,341	12,126,714
Net worth.....	32,757,173	--	-775,076	852,906	3,426,164	5,787,008
Total receipts ⁴	119,737,058	1,455,688	9,066,971	9,069,416	12,440,122	13,528,211
Business receipts.....	111,727,224	1,257,471	8,433,762	8,480,604	11,480,099	12,509,677
Interest paid.....	3,008,936	59,954	122,637	218,659	288,549	369,523
Net income (less deficit) ⁴	2,614,131	-1,096	190,948	45,830	306,625	345,666
Total income tax before credits ⁵	764,345	14,964	14,098	26,740	33,555	55,420
Total Income tax after credits ⁵	659,991	14,717	14,076	26,436	33,058	54,030
MINING						
Number of returns.....	35,799	3,093	17,031	3,956	3,382	3,170
Total assets.....	299,106,231	--	590,718	677,425	1,159,716	2,265,111
Net worth.....	151,720,805	--	-3,817,345	-16,243	485,621	915,158
Total receipts ⁴	141,278,092	2,943,272	1,991,834	1,243,938	1,717,432	2,722,205
Business receipts.....	127,583,639	2,692,219	1,525,387	1,125,927	1,581,123	2,457,529
Interest paid.....	6,179,872	128,027	20,154	22,014	14,803	41,601
Net income (less deficit) ⁴	8,152,607	52,493	105,192	-7,274	96,167	284,096
Total income tax before credits ⁵	2,525,467	37,182	*1,949	*4,146	7,029	21,775
Total Income tax after credits ⁵	1,350,676	23,747	*1,789	*4,010	6,560	21,084
CONSTRUCTION						
Number of returns.....	471,230	28,715	241,063	77,586	45,218	34,916
Total assets.....	284,595,206	--	7,520,465	12,747,948	15,858,265	24,686,218
Net worth.....	92,427,338	--	-22,519	3,404,808	5,294,886	8,098,547
Total receipts ⁴	710,467,223	7,288,081	66,224,007	55,334,954	54,221,312	65,206,296
Business receipts.....	699,596,890	7,054,805	65,720,038	54,886,045	53,587,752	64,557,044
Interest paid.....	5,473,796	58,101	347,156	385,824	435,878	521,861
Net income (less deficit) ⁴	17,878,460	-105,668	1,732,238	1,159,248	1,272,501	1,596,454
Total income tax before credits ⁵	2,958,069	30,179	52,710	81,318	97,159	162,746
Total Income tax after credits ⁵	2,667,923	28,319	52,668	80,021	95,371	160,098
MANUFACTURING						
Number of returns.....	325,689	15,398	122,835	41,932	39,100	34,671
Total assets.....	5,425,184,573	--	3,973,124	6,993,689	13,881,162	24,768,498
Net worth.....	1,966,848,773	--	-1,899,130	1,206,690	3,609,193	8,592,489
Total receipts ⁴	4,902,669,122	54,488,508	17,899,459	24,098,901	40,255,594	64,687,103
Business receipts.....	4,567,209,064	50,779,253	17,535,353	23,282,486	39,828,204	63,913,911
Interest paid.....	156,862,195	1,135,402	163,057	251,191	457,141	724,735
Net income (less deficit) ⁴	286,059,822	1,119,446	-36,188	279,867	504,958	1,121,702
Total income tax before credits ⁵	95,502,448	659,720	16,919	50,393	90,143	219,533
Total Income tax after credits ⁵	58,883,875	417,016	16,219	47,922	88,423	210,651

Footnotes at end of table.

Corporation Income Tax Returns, 1996

Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size 1--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item, industrial division	Total ¹	Size of total assets				
		Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
TRANSPORTATION AND PUBLIC UTILITIES						
Number of returns.....	205,777	12,534	109,105	33,543	18,767	12,111
Total assets.....	2,069,453,023	--	3,452,067	5,387,677	6,551,839	8,460,441
Net worth.....	714,120,889	--	-605,363	760,816	1,209,752	1,356,864
Total receipts ⁴	1,257,010,639	16,491,114	33,464,643	17,733,908	19,809,097	30,275,033
Business receipts.....	1,183,959,691	15,024,449	32,849,244	17,494,695	19,468,942	29,491,363
Interest paid.....	64,006,991	631,997	207,732	252,236	264,320	392,360
Net income (less deficit) ⁴	75,400,172	-385,403	356,672	102,215	312,274	194,793
Total income tax before credits ⁵	28,376,759	93,028	34,403	23,251	35,266	56,914
Total Income tax after credits ⁵	25,963,903	91,055	34,108	23,146	33,585	54,025
WHOLESALE AND RETAIL TRADE						
Number of returns.....	1,142,491	58,751	501,770	231,787	132,421	91,705
Total assets.....	2,016,232,163	--	18,908,979	37,597,557	47,045,949	64,633,467
Net worth.....	568,677,377	--	-3,545,811	5,997,083	14,798,613	22,222,323
Total receipts ⁴	4,490,073,608	50,089,474	117,568,864	148,924,762	168,927,717	216,500,832
Business receipts.....	4,383,103,174	48,970,626	115,981,087	147,419,438	167,160,821	213,896,053
Interest paid.....	61,708,013	441,576	636,940	1,047,814	1,259,205	1,760,031
Net income (less deficit) ⁴	73,353,268	-270,820	171,573	1,558,121	2,212,926	2,309,368
Total income tax before credits ⁵	22,694,239	155,319	78,474	176,722	278,328	323,434
Total Income tax after credits ⁵	20,732,232	147,503	75,598	167,767	273,484	315,967
FINANCE, INSURANCE, AND REAL ESTATE						
Number of returns.....	723,754	47,363	316,428	115,807	84,176	62,470
Total assets.....	17,360,053,164	--	9,661,190	18,918,735	29,913,465	43,971,108
Net worth.....	5,605,211,611	--	-729,602	4,336,134	9,147,419	11,302,755
Total receipts ⁴	2,406,855,250	85,721,793	32,650,504	22,373,095	18,153,714	21,087,243
Business receipts.....	1,176,179,679	14,227,815	30,663,052	20,852,465	16,124,037	18,352,476
Interest paid.....	439,762,655	47,256,141	353,146	407,049	525,822	1,105,751
Net income (less deficit) ⁴	299,149,193	1,167,706	1,571,598	972,108	1,151,807	1,011,884
Total income tax before credits ⁵	58,301,659	1,189,834	68,224	110,165	135,821	180,088
Total Income tax after credits ⁵	50,181,634	1,153,087	67,928	109,142	134,197	178,870
SERVICES						
Number of returns.....	1,557,401	104,561	1,035,636	213,191	92,961	51,942
Total assets.....	1,092,310,137	--	27,737,128	33,560,330	32,215,199	36,156,837
Net worth.....	363,120,124	--	-1,869,138	7,812,513	7,193,226	10,526,461
Total receipts ⁴	1,496,215,552	33,473,148	235,508,503	138,343,493	100,316,072	89,190,530
Business receipts.....	1,408,716,487	30,036,686	229,256,584	135,215,026	97,714,613	83,751,821
Interest paid.....	33,871,749	1,128,083	1,072,075	1,057,795	1,007,491	1,143,535
Net income (less deficit) ⁴	43,952,204	425,289	7,823,508	3,301,126	2,695,189	2,182,867
Total income tax before credits ⁵	12,588,705	318,931	290,605	239,347	256,053	283,381
Total Income tax after credits ⁵	10,179,417	309,746	284,608	233,559	250,692	272,807

Footnotes at end of table.

Corporation Income Tax Returns, 1996

Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size 1--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item, industrial division	Size of total assets--continued						
	\$1,000,000 under	\$5,000,000 under	\$10,000,000 under	\$25,000,000 under	\$50,000,000 under	\$100,000,000 under	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
ALL INDUSTRIES ³							
Number of returns.....	322,522	48,348	30,339	12,592	8,475	7,597	8,212
Total assets.....	678,420,830	335,040,455	469,727,884	445,401,400	602,367,412	1,198,456,165	24,344,828,435
Net worth.....	201,532,558	99,558,701	147,168,900	146,432,803	219,457,177	499,096,343	8,056,867,416
Total receipts ⁴	1,485,421,010	718,829,947	822,931,106	534,350,265	505,390,049	741,012,445	8,614,076,827
Business receipts.....	1,451,172,791	702,783,717	798,814,119	507,836,497	468,034,940	667,857,184	7,085,126,043
Interest paid.....	18,260,504	8,908,299	11,873,146	11,247,105	14,497,251	27,293,430	611,078,272
Net income (less deficit) ⁴	26,846,443	13,561,685	17,938,952	12,185,409	17,390,413	34,117,070	645,567,938
Total income tax before credits ⁵	5,309,068	3,071,218	4,681,074	4,297,974	5,783,454	10,206,058	184,357,580
Total Income tax after credits ⁵	5,130,557	2,964,944	4,422,604	3,997,165	5,242,027	9,018,812	134,236,455
AGRICULTURE, FORESTRY, AND FISHING							
Number of returns.....	13,327	923	410	141	59	43	21
Total assets.....	25,057,159	6,397,097	5,989,095	4,864,622	4,111,371	6,128,194	13,511,867
Net worth.....	8,051,192	2,034,377	2,252,097	2,202,327	1,590,159	1,922,419	5,413,602
Total receipts ⁴	29,138,415	10,324,866	7,055,500	5,700,759	5,116,301	8,052,439	8,788,369
Business receipts.....	26,798,945	9,888,520	6,643,582	5,398,702	4,909,956	7,743,154	8,182,751
Interest paid.....	843,721	222,651	181,908	109,000	88,050	218,836	285,449
Net income (less deficit) ⁴	232,050	234,162	180,107	98,405	59,889	217,144	704,402
Total income tax before credits ⁵	127,120	53,333	49,044	39,336	41,266	79,045	230,424
Total Income tax after credits ⁵	119,993	51,103	46,014	38,529	38,953	75,572	147,508
MINING							
Number of returns.....	3,361	746	485	210	119	106	138
Total assets.....	6,880,938	5,389,774	7,522,487	7,309,734	8,314,622	17,168,423	241,827,282
Net worth.....	2,276,670	2,498,959	3,788,174	3,386,033	4,014,259	8,871,676	129,317,843
Total receipts ⁴	8,137,502	4,194,690	6,600,747	5,089,473	4,863,035	10,041,909	91,732,054
Business receipts.....	7,557,861	3,764,802	5,829,163	4,670,832	4,233,563	8,941,852	83,203,382
Interest paid.....	169,739	84,921	157,363	187,231	185,148	403,489	4,765,381
Net income (less deficit) ⁴	261,679	292,135	401,048	106,683	231,178	555,099	5,774,113
Total income tax before credits ⁵	48,549	35,633	68,062	66,734	90,732	247,082	1,896,595
Total Income tax after credits ⁵	41,318	32,055	60,367	57,098	71,463	117,200	913,985
CONSTRUCTION							
Number of returns.....	36,221	4,749	2,021	427	191	80	43
Total assets.....	75,564,772	32,974,858	30,079,275	14,728,808	13,429,860	13,542,639	43,462,098
Net worth.....	23,323,434	11,303,801	10,105,987	4,713,425	4,549,042	3,682,444	17,973,483
Total receipts ⁴	183,226,225	75,654,400	64,921,199	32,710,903	25,618,881	26,317,408	53,743,556
Business receipts.....	181,253,919	74,902,703	64,100,833	32,108,101	25,139,435	25,636,877	50,649,338
Interest paid.....	1,356,389	450,285	433,878	218,874	196,240	231,448	837,862
Net income (less deficit) ⁴	4,368,409	2,239,964	1,802,396	675,009	494,543	574,917	2,068,450
Total income tax before credits ⁵	722,080	310,068	347,689	160,980	135,057	171,840	686,244
Total Income tax after credits ⁵	678,668	295,274	338,133	157,561	131,988	159,739	490,080
MANUFACTURING							
Number of returns.....	47,115	10,341	6,958	2,974	1,689	1,258	1,417
Total assets.....	104,986,824	72,019,939	108,620,074	104,674,792	118,933,330	196,386,667	4,669,946,475
Net worth.....	40,888,960	29,030,109	46,367,970	45,345,658	54,448,011	86,454,315	1,652,804,508
Total receipts ⁴	241,199,922	147,265,236	198,547,517	168,075,638	174,465,944	248,815,310	3,522,869,990
Business receipts.....	238,115,860	145,437,033	195,603,607	164,612,310	169,918,620	240,726,643	3,217,455,785
Interest paid.....	2,979,506	2,034,228	2,875,595	2,770,206	3,036,103	5,257,939	135,177,092
Net income (less deficit) ⁴	7,321,094	5,040,036	7,426,534	6,064,076	7,508,434	12,162,416	237,547,449
Total income tax before credits ⁵	1,326,362	991,444	1,732,819	1,731,269	2,472,608	4,211,780	81,999,457
Total Income tax after credits ⁵	1,283,937	951,610	1,588,124	1,544,767	2,108,650	3,549,918	47,076,638

Footnotes at end of table.

Corporation Income Tax Returns, 1996

Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size 1--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item, industrial division	Size of total assets--continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
TRANSPORTATION AND PUBLIC UTILITIES							
Number of returns.....	14,693	1,988	1,481	520	317	264	453
Total assets.....	31,686,786	13,613,370	22,486,563	17,999,722	22,728,708	41,285,531	1,895,800,319
Net worth.....	8,302,100	3,344,880	5,934,904	4,952,201	7,231,944	12,559,507	669,073,285
Total receipts ⁴	62,516,050	20,177,994	31,375,948	18,284,996	23,242,815	32,911,223	950,727,818
Business receipts.....	60,762,922	19,523,295	29,940,460	17,208,719	22,256,140	31,048,793	888,890,669
Interest paid.....	1,102,069	451,790	704,469	586,250	720,685	1,368,729	57,324,353
Net income (less deficit) ⁴	767,185	409,654	530,829	178,426	473,787	1,539,058	70,920,682
Total income tax before credits ⁵	246,415	157,655	315,122	219,155	280,506	632,879	26,282,166
Total Income tax after credits ⁵	231,664	149,737	304,687	212,663	262,671	599,581	23,966,982
WHOLESALE AND RETAIL TRADE							
Number of returns.....	97,696	15,391	8,378	2,275	1,006	725	586
Total assets.....	207,324,694	106,578,874	126,741,979	78,803,087	70,765,776	112,162,743	1,145,669,058
Net worth.....	65,863,341	29,140,963	37,105,896	24,092,975	22,393,819	37,628,877	312,979,298
Total receipts ⁴	713,279,346	378,118,419	409,666,130	224,792,127	180,360,622	260,126,050	1,621,719,264
Business receipts.....	704,222,213	373,054,458	403,795,262	220,684,742	176,967,244	254,487,847	1,556,463,384
Interest paid.....	5,816,697	3,101,910	3,469,159	2,156,653	1,905,208	3,045,280	37,067,541
Net income (less deficit) ⁴	8,946,548	4,448,555	6,054,372	3,674,875	3,148,140	4,338,018	36,761,592
Total income tax before credits ⁵	1,463,876	843,694	1,106,958	870,454	857,994	1,640,575	14,898,412
Total Income tax after credits ⁵	1,437,474	825,671	1,083,503	838,858	803,490	1,543,123	13,219,794
FINANCE, INSURANCE, AND REAL ESTATE							
Number of returns.....	62,707	8,503	7,172	4,896	4,412	4,669	5,151
Total assets.....	130,653,966	59,245,861	114,776,305	175,949,363	316,366,318	738,485,904	15,722,110,949
Net worth.....	30,508,377	12,170,368	25,869,362	49,074,012	106,918,545	321,199,650	5,035,414,592
Total receipts ⁴	51,287,439	20,331,687	29,695,679	31,948,052	41,039,470	88,581,591	1,963,984,983
Business receipts.....	41,949,877	16,205,121	21,219,456	18,894,229	17,799,919	37,990,867	921,900,365
Interest paid.....	2,844,698	1,391,713	2,639,652	4,115,202	7,186,225	14,666,708	357,270,547
Net income (less deficit) ⁴	1,644,980	481,453	645,976	1,019,897	4,847,050	13,315,988	271,318,744
Total income tax before credits ⁵	658,459	342,139	550,143	734,384	1,339,899	2,316,178	50,676,324
Total Income tax after credits ⁵	648,150	332,268	527,025	710,554	1,311,514	2,186,513	42,822,387
SERVICES							
Number of returns.....	47,317	5,686	3,423	1,151	680	450	403
Total assets.....	96,090,507	38,700,086	53,264,900	41,071,273	47,717,427	73,296,063	612,500,387
Net worth.....	22,271,965	9,937,228	15,602,035	12,666,173	18,311,400	26,777,455	233,890,806
Total receipts ⁴	196,632,554	62,760,768	74,881,880	47,748,316	50,682,980	66,166,515	400,510,794
Business receipts.....	190,507,960	60,006,662	71,496,691	44,258,862	46,810,064	61,281,150	358,380,369
Interest paid.....	3,146,532	1,170,802	1,411,107	1,103,690	1,179,590	2,101,001	18,350,048
Net income (less deficit) ⁴	3,305,524	425,168	911,166	368,039	627,391	1,414,431	20,472,506
Total income tax before credits ⁵	716,208	337,254	511,234	475,663	565,391	906,679	7,687,958
Total Income tax after credits ⁵	689,353	327,226	474,748	437,133	513,299	787,166	5,599,081

*Estimates should be used with caution because of the small number of sample returns on which they were based.

¹ Excludes Foreign Sales Corporations (Form 1120-FSC) and Interest-Charge Domestic International Sales Corporations (Form 1120 IC-DISC).

² Zero assets class includes returns of liquidating or dissolving corporations that disposed of all assets, final returns of merging companies whose assets were included in the returns of the acquiring corporations, part-year returns (except those of newly-incorporated businesses), and returns of foreign corporations with income "effectively connected" with a U.S. trade or business (except foreign insurance companies providing separate data for U.S. branches, assets for which are included in the appropriate size class).

³ Includes returns not allocable by industrial division.

⁴ Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and S Corporations (qualifying corporations electing to be taxed through shareholders).

⁵ For purposes of the statistics, includes not only income tax, but alternative minimum tax, tax from recapture of investment and low-income housing credits and certain other taxes. By law, only income tax could be reduced by tax credits.

NOTE: Detail may not add to totals because of rounding.

Corporation Income Tax Returns, 1996

Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size ¹

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item	Total ¹	Size of total assets				
		Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns.....	4,631,370	280,085	2,416,663	747,304	440,914	308,318
Total assets.....	28,642,263,127	--	74,278,016	120,799,950	155,632,038	217,310,542
Cash.....	1,097,176,746	--	18,984,573	22,217,960	24,069,783	29,793,483
Notes and accounts receivable.....	5,782,978,199	--	6,755,311	16,171,631	24,416,499	39,074,026
Less: Allowance for bad debts.....	119,237,620	--	58,602	271,429	187,061	524,444
Inventories.....	1,079,396,261	--	8,079,186	16,617,977	22,777,800	33,791,477
Investment in U.S. Government obligations.....	1,338,891,561	--	103,360	151,669	484,517	757,408
Tax-exempt securities.....	851,259,000	--	71,493	118,251	253,122	415,960
Other current assets.....	2,045,356,655	--	2,888,776	5,750,386	7,920,010	10,613,828
Loans to stockholders.....	113,266,363	--	5,831,696	6,767,570	5,636,189	5,991,591
Mortgage and real estate loans.....	1,825,115,246	--	364,131	1,116,410	2,108,300	2,818,495
Other investments.....	8,657,455,602	--	2,356,896	5,670,718	9,542,821	13,563,724
Depreciable assets.....	5,923,297,939	--	86,328,350	97,693,689	106,362,948	139,195,459
Less: Accumulated depreciation.....	2,760,002,783	--	63,204,768	62,967,075	64,809,235	81,062,214
Depletable assets.....	168,555,605	--	1,014,677	325,561	326,014	763,776
Less: Accumulated depletion.....	82,027,771	--	858,625	178,811	150,484	403,585
Land.....	254,038,940	--	1,790,570	5,045,716	9,840,967	14,797,668
Intangible assets.....	923,607,329	--	4,144,893	6,230,022	4,634,725	5,252,700
Less: Accumulated amortization.....	184,363,914	--	2,144,483	2,689,369	1,609,796	2,233,643
Other assets.....	1,727,499,772	--	1,830,581	3,029,073	4,014,921	4,704,834
Total liabilities.....	28,642,263,127	--	74,278,016	120,799,950	155,632,038	217,310,542
Accounts payable.....	1,904,796,115	--	9,234,743	15,214,302	19,877,343	29,231,337
Mortgages, notes, and bonds payable in less than 1 year.....	2,327,699,690	--	8,344,572	13,027,648	14,228,746	20,741,106
Other current liabilities.....	7,032,759,943	--	10,154,627	10,342,156	13,480,566	17,511,903
Loans from stockholders.....	332,858,006	--	38,823,243	26,444,189	22,754,004	24,468,559
Mortgages, notes, and bonds payable in 1 year or more.....	3,650,975,449	--	18,474,192	27,421,711	34,566,147	49,650,737
Other liabilities.....	3,897,947,822	--	2,557,349	3,955,998	5,526,156	6,877,008
Net worth.....	9,495,226,103	--	-13,310,709	24,393,946	45,199,076	68,829,892
Capital stock.....	2,278,486,551	--	16,905,312	14,769,655	15,097,848	18,455,583
Paid-in or capital surplus.....	6,426,779,286	--	24,432,599	16,994,383	19,356,400	23,325,986
Retained earnings, appropriated.....	119,900,185	--	863,693	302,618	751,055	993,189
Retained earnings, unappropriated.....	2,215,478,970	--	-27,642,440	414,359	12,166,475	24,353,761
Other retained earnings, Form 1120S.....	183,150,065	--	-24,075,265	-3,861,930	2,268,400	7,740,544
Less: Cost of treasury stock.....	1,728,568,951	--	3,794,608	4,225,139	4,441,103	6,039,171
Total receipts.....	15,525,718,006	251,959,294	514,856,787	417,631,239	415,937,716	503,321,320
Business receipts.....	13,659,470,309	170,050,085	502,446,177	409,264,998	407,038,573	489,045,185
Interest.....	1,037,373,687	59,354,836	486,792	707,298	981,599	1,253,114
Interest on State and local Government obligations.....	44,698,016	385,619	10,869	23,060	52,828	48,804
Rents.....	91,414,648	1,462,794	433,852	295,505	514,371	709,145
Royalties.....	65,148,709	1,059,110	161,469	119,270	82,125	194,383
Net short-term capital gain less net long-term capital loss.....	35,925,017	606,310	63,637	45,970	128,875	57,639
Net long-term capital gain less net short-term capital loss ³	75,171,594	2,767,730	717,458	632,601	815,532	742,495
Net gain, noncapital assets.....	52,270,420	2,545,499	825,421	823,486	632,581	1,099,545
Dividends, domestic corporations.....	16,314,809	218,208	22,164	47,916	113,828	114,045
Dividends, foreign corporations.....	46,245,061	257,102	*17	*488	*1,887	12,048
Other receipts.....	401,685,737	13,252,001	9,688,931	5,670,647	5,575,518	10,044,916

Footnotes at end of table.

Corporation Income Tax Returns, 1996

Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size ¹ --Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item	Total ¹	Size of total assets				
		Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Total deductions.....	14,728,089,018	249,750,870	502,956,749	410,193,217	407,338,413	494,225,697
Cost of goods sold.....	8,707,100,240	102,363,271	183,029,612	194,774,129	221,486,411	296,776,677
Compensation of officers.....	319,104,055	4,826,110	71,139,180	40,155,291	30,041,985	27,752,207
Salaries and wages ⁴	1,335,622,425	20,761,542	68,098,134	53,164,991	50,224,527	54,351,838
Repairs.....	126,163,589	1,643,328	4,987,650	4,354,019	3,963,548	4,727,907
Bad debts.....	74,656,580	2,754,049	602,173	840,636	998,420	1,337,421
Rent on business property.....	248,260,668	4,925,913	24,361,799	15,467,679	12,361,950	11,893,910
Taxes paid.....	341,133,797	4,690,582	16,399,085	12,912,311	11,807,908	13,423,654
Interest paid.....	770,885,334	50,839,309	2,927,534	3,643,441	4,253,279	6,063,762
Contributions or gifts.....	7,821,988	64,889	94,963	68,530	86,582	100,427
Amortization.....	52,174,446	1,866,979	406,646	508,364	393,521	454,303
Depreciation.....	473,964,879	6,182,139	7,322,724	8,055,201	8,056,678	10,055,502
Depletion.....	10,068,300	151,248	28,015	9,808	32,311	34,627
Advertising.....	177,382,991	2,880,380	5,830,487	3,738,758	3,676,075	4,550,266
Pension, profit-sharing, stock bonus, and annuity plans.....	67,012,249	725,512	4,554,372	2,587,105	1,949,901	1,988,621
Employee benefit programs.....	174,043,676	2,007,864	4,193,810	3,322,719	3,498,847	4,276,344
Net loss, noncapital assets.....	25,907,405	4,193,905	414,177	342,984	392,518	392,926
Other deductions.....	1,816,786,399	38,873,851	108,566,389	66,247,251	54,113,952	56,045,304
Total receipts less total deductions.....	797,628,988	2,208,423	11,900,038	7,438,022	8,599,304	9,095,623
Constructive taxable income from related foreign corporations.....	53,554,019	156,848	--	--	--	--
Net income (less deficit), total.....	806,484,990	1,979,653	11,889,169	7,414,962	8,546,476	9,046,819
Net income, total.....	986,782,683	15,085,178	25,755,987	16,566,610	16,516,186	18,053,816
Deficit, total.....	180,297,692	13,105,525	13,866,818	9,151,648	7,969,711	9,006,996
Net income (less deficit), Form 1120-A.....	3,426	-15,787	-583	15,269	4,526	--
Net income (less deficit), Form 1120S ⁵	93,138,842	271,284	13,132,908	7,099,237	6,796,120	6,954,087
Statutory special deductions, total ⁶.....	216,694,936	4,805,791	2,550,957	1,603,562	1,600,436	1,656,712
Net operating loss deduction.....	55,094,513	3,000,336	2,534,274	1,568,480	1,517,762	1,548,475
Dividends received deduction.....	19,726,930	192,591	15,372	33,651	77,622	85,446
Public utility dividends paid deduction.....	70,577	5	--	--	--	--
Income subject to tax ⁷.....	639,839,995	7,098,585	2,971,948	3,774,144	4,537,415	5,605,168
Total income tax before credits ⁸.....	223,712,985	2,499,266	557,469	712,360	933,622	1,303,840
Income tax.....	219,756,610	2,382,583	560,478	701,553	926,472	1,284,275
Personal Holding Company tax.....	11,790	8	*466	*2,754	661	1,477
Tax from recapture of investment and low-income housing credits ⁹	21,332	--	--	--	--	--
Alternative minimum tax.....	3,848,966	67,686	2,650	9,341	5,372	19,588
Foreign tax credit.....	40,243,751	131,345	*879	*65	*453	3,883
U.S. possessions tax credit.....	3,059,299	5,223	17	111	11	206
Nonconventional source fuel credit.....	887,374	12,553	*161	1	*1,577	*240
General business credit.....	4,228,030	130,178	8,950	15,233	12,397	22,130
Prior-year minimum tax credit.....	4,673,199	34,668	*381	4,669	3,546	9,300
Total income tax after credits.....	170,620,945	2,185,299	547,081	692,282	915,638	1,268,082

Footnotes at end of table.

Corporation Income Tax Returns, 1996

Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size ¹--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item	Size of total assets--continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns.....	322,522	48,348	30,339	12,592	8,475	7,597	8,212
Total assets.....	678,420,830	335,040,455	469,727,884	445,401,400	602,367,412	1,198,456,165	24,344,828,435
Cash.....	71,680,610	31,390,526	39,813,861	34,265,047	38,872,291	56,394,096	729,694,517
Notes and accounts receivable.....	143,324,648	74,715,440	108,815,018	108,278,282	152,588,026	266,989,566	4,841,849,753
Less: Allowance for bad debts.....	2,077,965	1,286,880	2,698,264	2,738,933	4,074,826	6,888,032	98,431,184
Inventories.....	127,919,091	69,577,406	78,722,857	50,767,030	49,590,681	70,793,556	550,759,201
Investment in U.S. Government obligations.....	3,871,729	3,457,402	11,426,807	23,774,312	42,878,280	88,965,987	1,163,020,089
Tax-exempt securities.....	1,979,972	1,731,099	5,188,882	9,281,169	22,998,626	64,114,437	745,105,988
Other current assets.....	37,738,846	19,313,380	27,070,279	24,539,459	28,996,197	52,210,015	1,828,315,480
Loans to stockholders.....	10,398,546	3,671,146	3,383,051	1,743,566	2,057,348	2,993,076	64,792,584
Mortgage and real estate loans.....	6,467,988	2,453,327	5,560,112	10,711,547	29,090,603	70,644,860	1,693,779,472
Other investments.....	48,085,725	28,161,208	51,960,964	69,384,359	113,147,496	305,384,358	8,010,197,333
Depreciable assets.....	363,821,849	158,890,697	203,495,310	150,272,126	152,611,809	245,330,929	4,219,294,774
Less: Accumulated depreciation.....	197,853,924	83,583,649	102,443,372	71,064,038	70,345,443	105,734,266	1,856,934,800
Depletable assets.....	2,444,023	1,143,170	2,929,324	2,978,567	4,159,912	9,736,810	142,733,771
Less: Accumulated depletion.....	1,092,062	449,469	1,152,861	1,091,968	1,775,419	4,277,368	70,597,120
Land.....	39,840,158	13,732,383	16,226,199	11,123,782	10,150,290	14,101,588	117,389,620
Intangible assets.....	15,432,633	8,002,094	14,786,364	15,338,441	21,653,187	45,984,559	782,147,711
Less: Accumulated amortization.....	6,265,065	2,833,506	5,345,355	4,035,020	5,291,725	10,324,173	141,591,779
Other assets.....	12,704,027	6,954,681	11,988,709	11,873,672	15,060,079	32,036,169	1,623,303,025
Total liabilities.....	678,420,830	335,040,455	469,727,884	445,401,400	602,367,412	1,198,456,165	24,344,828,435
Accounts payable.....	98,958,386	47,775,666	62,721,364	45,905,580	52,221,172	85,084,497	1,438,571,724
Mortgages, notes, and bonds payable in less than 1 year.....	91,573,024	55,200,078	63,569,614	42,113,979	38,822,632	60,682,699	1,919,395,592
Other current liabilities.....	61,655,405	34,170,382	63,223,802	98,663,725	173,716,544	335,085,053	6,214,755,781
Loans from stockholders.....	55,322,443	15,245,426	15,035,873	8,968,074	6,396,099	6,988,254	112,411,843
Mortgages, notes, and bonds payable in 1 year or more.....	141,639,676	63,038,551	85,631,883	70,647,365	73,998,736	144,533,609	2,941,372,843
Other liabilities.....	27,739,339	20,051,652	32,376,449	32,669,874	37,755,052	66,985,709	3,661,453,236
Net worth.....	201,532,558	99,558,701	147,168,900	146,432,803	219,457,177	499,096,343	8,056,867,416
Capital stock.....	46,409,550	22,278,522	32,801,904	32,827,954	44,714,867	90,140,474	1,944,084,882
Paid-in or capital surplus.....	82,950,278	48,164,863	80,977,559	100,322,274	154,311,125	355,947,211	5,519,996,609
Retained earnings, appropriated.....	1,792,118	440,787	1,146,658	1,032,194	1,784,822	4,358,470	106,434,580
Retained earnings, unappropriated.....	39,701,140	-888,414	-3,877,899	-9,107,866	8,194,604	52,374,370	2,119,790,880
Other retained earnings, Form 1120S.....	45,738,320	35,847,604	42,492,524	27,020,599	20,751,917	16,116,746	13,110,606
Less: Cost of treasury stock.....	15,058,849	6,284,661	6,371,845	5,662,351	10,300,158	19,840,927	1,646,550,140
Total receipts.....	1,485,421,010	718,829,947	822,931,106	534,350,265	505,390,049	741,012,445	8,614,076,827
Business receipts.....	1,451,172,791	702,783,717	798,814,119	507,836,497	468,034,940	667,857,184	7,085,126,043
Interest.....	4,683,490	2,151,284	5,102,924	9,522,757	17,814,862	38,230,978	897,083,753
Interest on State and local Government obligations.....	304,017	228,271	435,130	756,387	1,589,819	4,182,176	36,681,036
Rents.....	1,960,666	818,501	1,679,372	1,433,486	1,436,012	3,145,652	77,525,293
Royalties.....	628,468	217,029	442,058	713,079	990,696	2,043,441	58,497,581
Net short-term capital gain less net long-term capital loss.....	252,930	100,564	317,354	408,507	944,075	2,893,376	30,105,780
Net long-term capital gain less net short-term capital loss ³	2,667,197	1,297,035	2,155,191	1,470,430	2,063,110	3,256,083	56,586,732
Net gain, noncapital assets.....	2,275,627	1,221,579	1,508,203	1,115,542	1,301,930	1,719,061	37,201,945
Dividends, domestic corporations.....	505,560	180,514	282,958	281,512	332,526	591,208	13,624,369
Dividends, foreign corporations.....	71,487	25,656	125,150	264,895	353,274	931,462	44,201,596
Other receipts.....	20,898,778	9,805,796	12,068,647	10,547,172	10,528,805	16,161,825	277,442,699

Footnotes at end of table.

Corporation Income Tax Returns, 1996

Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size ¹--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item	Size of total assets--continued						
	\$1,000,000 under	\$5,000,000 under	\$10,000,000 under	\$25,000,000 under	\$50,000,000 under	\$100,000,000 under	\$250,000,000 or more
	\$5,000,000	\$10,000,000	\$25,000,000	\$50,000,000	\$100,000,000	\$250,000,000	
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total deductions.....	1,458,285,924	705,048,911	804,653,475	521,520,514	486,653,358	703,438,348	7,984,023,542
Cost of goods sold.....	989,711,354	519,511,045	583,790,468	365,331,717	328,387,385	452,204,401	4,469,733,769
Compensation of officers.....	53,300,145	16,066,005	14,411,511	7,797,040	6,312,929	7,717,937	39,583,716
Salaries and wages ⁴	133,000,916	55,450,154	62,527,559	42,490,635	42,123,282	63,158,327	690,270,521
Repairs.....	10,041,254	3,755,409	3,889,738	2,656,874	2,583,277	4,226,252	79,334,333
Bad debts.....	4,099,390	1,645,710	2,275,402	1,848,306	1,883,822	2,977,231	53,394,020
Rent on business property.....	26,150,376	8,485,724	9,801,283	6,576,491	6,636,255	10,302,907	111,296,380
Taxes paid.....	32,281,928	13,069,885	14,463,939	9,485,430	9,211,536	14,137,876	189,249,663
Interest paid.....	18,260,504	8,908,299	11,873,146	11,247,105	14,497,251	27,293,430	611,078,272
Contributions or gifts.....	271,104	118,471	190,037	153,045	185,913	345,840	6,142,186
Amortization.....	1,614,094	813,117	1,575,259	1,210,058	1,612,017	3,109,689	38,610,400
Depreciation.....	26,603,368	11,946,467	15,765,981	11,712,719	12,290,248	20,206,667	335,767,186
Depletion.....	153,850	115,687	221,739	248,717	374,039	533,518	8,164,740
Advertising.....	12,014,587	5,768,765	7,213,990	5,676,403	5,089,652	8,443,029	112,500,599
Pension, profit-sharing, stock bonus, and annuity plans.....	5,168,260	2,329,652	2,447,745	1,708,237	1,724,642	2,682,680	39,145,522
Employee benefit programs.....	12,272,810	5,712,826	6,982,621	5,040,835	5,416,803	8,923,196	112,394,999
Net loss, noncapital assets.....	1,191,824	754,717	1,715,961	1,815,449	1,559,425	1,855,293	11,278,226
Other deductions.....	132,150,160	50,596,979	65,507,094	46,521,453	46,764,882	75,320,075	1,076,079,011
Total receipts less total deductions.....	27,135,086	13,781,036	18,277,631	12,829,751	18,736,691	37,574,098	630,053,284
Constructive taxable income from related foreign corporations.....	15,375	8,921	96,451	112,046	243,541	725,148	52,195,689
Net income (less deficit), total.....	26,846,443	13,561,685	17,938,952	12,185,409	17,390,413	34,117,070	645,567,938
Net income, total.....	50,327,727	24,277,434	31,558,159	23,443,149	27,434,525	47,117,687	690,646,224
Deficit, total.....	23,481,284	10,715,749	13,619,208	11,257,741	10,044,112	13,000,617	45,078,286
Net income (less deficit), Form 1120-A.....	--	--	--	--	--	--	--
Net income (less deficit), Form 1120S ⁵	19,884,478	10,205,102	12,118,200	6,399,467	4,775,208	3,246,370	2,256,381
Statutory special deductions, total ⁶.....	4,425,789	1,950,164	3,396,601	3,536,781	5,747,956	14,492,643	170,927,545
Net operating loss deduction.....	3,916,415	1,650,926	2,516,758	1,901,462	2,549,565	4,173,461	28,216,598
Dividends received deduction.....	393,542	143,781	285,772	352,385	397,935	851,843	16,896,991
Public utility dividends paid deduction.....	--	--	--	--	--	2	70,569
Income subject to tax ⁷.....	17,207,696	9,016,216	13,561,096	12,278,948	16,289,320	28,886,085	518,613,373
Total income tax before credits ⁸.....	5,309,068	3,071,218	4,681,074	4,297,974	5,783,450	10,206,058	184,357,580
Income tax.....	5,162,724	3,011,084	4,586,144	4,186,888	5,584,538	9,981,441	181,388,429
Personal Holding Company tax.....	3,195	*624	1,029	*251	14	971	342
Tax from recapture of investment and low-income housing credits..... ⁹	159	*32	*336	*5,815	358	114	14,518
Alternative minimum tax.....	140,487	66,365	90,874	104,777	197,430	235,596	2,908,800
Foreign tax credit.....	18,564	6,384	45,304	90,206	184,920	598,113	39,163,635
U.S. possessions tax credit.....	12,522	21,252	73,290	84,680	201,573	308,939	2,351,476
Nonconventional source fuel credit.....	1,691	*1,359	6,687	1,916	4,317	9,681	847,192
General business credit.....	55,666	24,204	60,270	47,084	70,153	132,786	3,648,978
Prior-year minimum tax credit.....	90,067	53,077	72,920	76,923	80,464	137,726	4,109,458
Total income tax after credits.....	5,130,557	2,964,944	4,422,604	3,997,165	5,242,027	9,018,812	134,236,455

¹ Estimates should be used with caution because of the small number of sample returns on which they were based.

**Amount is less than \$500.

² Excludes Foreign Sales Corporations (Form 1120-FSC) and Interest-Charge Domestic International Sales Corporations (Form 1120 IC-DISC).

³ Zero assets class includes returns of liquidating or dissolving corporations that had disposed of all assets, final returns of merging companies whose assets were included in the returns of the acquiring corporations, part-year returns (except those of newly-incorporated businesses), and returns of foreign corporations with income "effectively connected" with a U.S. trade or business (except foreign insurance companies providing separate data for U.S. branches, assets for which are included in the appropriate size class).

⁴ For purposes of the statistics, gains from regulated investment companies and S Corporations are excluded.

⁵ Prior to the publication of the Source Book of Statistics of Income--1994, Corporation Income Tax Returns, data for "salaries and wages" were included in the totals for "other deductions." The figure shown here excludes amounts in the cost of goods sold as well as amounts in certain other deductions.

⁶ Net income of S Corporations is distributed (with few exceptions) through their shareholders and is taxed as the shareholder's income. This income is not a part of the corporation's income subject to tax. Also excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies.

⁷ Also includes deductions for dividends paid by regulated investment companies and real estate investment trusts. These deductions are not shown separately.

⁸ See Footnote 5.

⁹ For purposes of the statistics, all of the taxes shown below (except the income tax), plus certain others not shown, are included in total income tax before and after credits. By law, tax credits could only offset income tax.

⁹ Amounts for recapture taxes include recapture taxes from the Low Income Housing Credit and the Investment Credit, whereas the published Source Book amounts include only recapture taxes from the Investment Credit, which is the larger of the two.

NOTE: Detail may not add to totals due to rounding.